IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

METRO GOLDWYN MAYER, INC., et al. *
*
Plaintiffs *
*
v. * **Civil No. 97-2633(SEC)**
*
CADIR DIAZ d/b/a VIDEO MOVIE, et al. *
*
Defendants *
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U.S. DISTRICT COURT
SAN JUAN, P.R.

OPINION AND ORDER

This case is before the Court on defendant Cadir Díaz's motion to dismiss for failure to state a claim and want of personal jurisdiction. (**Docket # 11**). Plaintiffs duly opposed (**Docket # 15**), and defendant thereafter replied (**Docket # 20**). Because in moving for dismissal Díaz submitted materials outside the pleadings, the Court treats his motion as one for summary judgment, and for the reasons set forth below, denies it.

Conversion

Rule 12 of the Federal Rules of Civil Procedure mandates that if, on a motion to dismiss for failure to state a claim, "matters outside the pleadings are presented and not excluded by the court, the motion shall be treated as one for summary judgment and disposed of as provided in Rule 56."[1] Fed. R. Civ. P. 12. In order to proceed in this manner, the court must give the parties "reasonable opportunity to present all material made pertinent to such a motion by Rule 56." However, a court can exceptionally convert a Rule 12(b)(6) motion into a motion for summary judgment without

[1] While this mandate seems by its plain language to govern only motions to dismiss under Fed. R. Civ. P. 12(b)(6) for failure to state a claim, the First Circuit has also applied it to motions to dismiss under Fed. R. Civ. P. 12(b)(2) for lack of personal jurisdiction. See Alers Rodríguez v. Fullerton Tires Corp., 115 F.3d 81, 83 (1st Cir. 1997).

giving express notice to the parties, "if the party opposing the motion (1) has received materials outside the pleadings, (2) has had an opportunity to respond to them, and (3) has not controverted their accuracy." Maldonado v. Domínguez, 137 F.3d 1, 5-6 (1st Cir. 1998). See also Moody v. Town of Weymouth, 805 F.2d 30, 31 (1st Cir. 1986). In this case, plaintiffs received the materials attached by Díaz to the instant motion; they had over a month to respond to them; and, in doing so, they did not controvert their accuracy. Instead, plaintiffs chose to meet the motion head-on and submit additional extraneous materials. Therefore, the Court will treat Díaz's motion as one for summary judgment, and dispose of it as provided in Fed. R. Civ. P. 56.

Summary Judgment Standard

A district court may grant summary judgment "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Fed. R. Civ. P. 56(c). "Summary judgment is appropriate only if the evidence taken in th[e] light [most favorable to the non-moving party] 'fails to yield a trial worthy issue as to some material fact.'" Zambrana-Marrero v. Suárez-Cruz, 172 F.3d 122, 125 (1st Cir. 1999).

Background

This is an action for copyright and trademark infringement under the Copyright and Lanham Acts, 17 U.S.C. § 101 *et seq.* and 15 U.S.C. § 1125(a), respectively. The following facts are not disputed by the parties. Plaintiffs are the copyright and trademark owners of various original motion pictures. On November 10, 1997, plaintiffs filed this suit against Díaz, alleging that he was in possession of unauthorized and illegal copies of plaintiffs' motion pictures; that he duplicated or acquired illegally duplicated motion pictures, which copyrights are owned by plaintiffs; and that he distributed, sold or rented, and had offered to distribute, sell or rent, such illegal copies. In their complaint, plaintiffs averred that all times relevant, Díaz owned and operated a video rental store under the name "Video Movie," and located at Carr. # 678, Marginal # H-50, Vega Alta, Puerto Rico, or/or at Díaz's residence, at Calle 5, # C-10, Urb. Santa Rita, Vega Alta, Puerto Rico. (**Docket # 1**). Plaintiffs also moved for a writ of seizure and impoundment, a temporary restraining order, and a preliminary injunction. (**Docket # 3**).

On November 13, 1997, the Court ordered the issuance of the writ, issued the restraining order, and set a preliminary injunction hearing. (**Docket # 7**). At the hearing held on November 24, 1997, Díaz appeared represented by counsel, who informed that an agreement had been reached as to the preliminary injunction, and that settlement negotiations were being conducted as to a permanent injunction. (**Docket # 8**). A preliminary injunction subsequently issued. (**Docket # 9**). This motion followed.

Personal Jurisdiction

Díaz first seeks dismissal of the complaint on the basis that personal jurisdiction over him is lacking. However, apart from asserting that he is not the owner of the video store where most of the allegedly infringing materials where found, he does not allege any other grounds to support his defense. Díaz was served process. On November 24, 1997, he appeared through counsel before this Court for a preliminary injunction hearing, and agreed to the issuance of the same. Moreover, he informed the Court that he was discussing with plaintiffs the possibility of reaching a stipulation regarding a permanent injunction. Díaz never moved for dismissal for want of personal jurisdiction prior to the instant motion, although he had enough time to do so. It is clear that, under these circumstances, Díaz waived any personal jurisdiction defense. See Fed. R. Civ. P. 12(g), (h);

Precision Etchings & Findings v. LGP Gem. Ltd., 953 F.2d 21 (1st Cir. 1992); cf. Manchester Knitted Fashions v. Amalgamated, 967 F.2d 688, 691-92 (1st Cir. 1992).

Díaz does not assert, but the Court shall nevertheless consider, that the preliminary injunction order states that Díaz, through his attorney "informed the Court [at the hearing] to be fully aware of the legal remedies requested by plaintiffs, and, without waiving any defenses, expressed no objection to the issuance at this stage of the proceedings of a preliminary injunction." (**Docket # 9**). This reserve, in light of the circumstances, must be understood to encompass any defenses other than lack of personal jurisdiction. Finally, jurisdiction may be exercised over Díaz because he is a resident of Puerto Rico and has conducted business in Puerto Rico. (**Docket # 20**).

Failure to State a Claim

Díaz next seeks to dismiss the complaint on the ground that he is not the owner of the video store where most of the allegedly infringing materials where found. We fail to see the relevance of this fact. It is settled that the plaintiff in a copyright infringement action must prove two basic elements: (1) ownership of the copyrights, and (2) infringement by the defendant. See Motta v. Samuel Weiser, Inc., 786 F.2d 481, 483 (1st Cir. 1985). It is not an element of a copyright infringement action that the defendant be the proprietor where the alleged infringement takes place. It is thus irrelevant that a defendant who is alleged to sell or distribute illegal copies of a copyrighted work does not own the premises where such sale or distribution takes place.

Finally, Díaz complicates his argument for dismissal challenging that part of the allegedly infringing materials were illegally seized at his residence, on the basis that the seizure warrant lacked particularity. While Fourth Amendment principles may apply in civil proceedings under the Copyright Act, see Gamma Audio & Video, Inc. v. Ean-Chea, 11 F.3d 1106, 1113 (1st Cir. 1993), this is an issue which does not bear on whether plaintiffs have asserted a claim which would entitle them to relief. Assuming that part of the allegedly infringing materials were, as Díaz contends, illegally seized and impounded, this would only result in the exclusion of these materials as evidence, but would not bar prosecution of this action.

Conclusion

For the foregoing reasons, defendant's motion to dismiss (**Docket # 11**) is hereby **DENIED**, without prejudice of Díaz subsequently raising any Fourth Amendment issues he may deem appropriate.[2] Furthermore, pursuant to Fed. R. Civ. P. 12(a)(4)(A), defendant Cadir Díaz is hereby **ORDERED** to answer the complaint within **ten (10) days** from the entry date of this order.

Additionally, the Court notes the amended complaint (**Docket # 25**) has not been served upon defendants Persia Díaz and Lea Fernández, although more than 120 have passed since it was filed. Accordingly, plaintiffs are hereby **ORDERED TO SHOW CAUSE** within **ten (10) days** of the entry date of this order why this action should not be dismissed as to defendants Persia Díaz and Lea Fernández. If process has already been effected upon these defendants, plaintiffs shall file the executed summons with the Court, in conjunction with a motion for entry of default, within the above-specified time-frame.

SO ORDERED.

In San Juan, Puerto Rico, this 27TH day of March, 2000.

SALVADOR E. CASELLAS
United States District Judge

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[2] Because Díaz does not develop any argument for the dismissal of the trademark infringement claims, these should also be allowed.